

Message Text

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C O N F I D E N T I A L USNATO 0815

E.O. 11652: GDS

TAGS: NATO XG ETRN

SUBJECT: CENTRAL EUROPE PIPELINE POLICY COMMITTEE (CEPPC)

MEETING, 20-21 FEB 75

REF: A. USNATO 3799 (DTG 091720Z JUL 74)

B. STATE 155425 (DTG 181418Z JUL 74)

BEGIN SUMMARY. AGENDA FOR CEPPC MEETING 20-21 FEB 75 CONTAINS CONTINUATION OF DISCUSSION ON FLOATING RATES AND MILITARY TARIFFS AS WELL AS RENEWED EXAMINATION OF NATO BOARD OF AUDITORS' REPORTS FOR 1969, 1970, 1971, AND SPECIAL REPORT CONCERNING EXTRA PAYMENTS TO TRAPIL. ACTION REQUESTED: CONFIRMATION OF PRIOR GUIDANCE CONCERNING ESTABLISHMENT OF FAIR PROFIT PAYEMENTS TO TRAPIL. END SUMMARY.

1. MISSION INTENDS TO PURSUE PREVIOUS ACTIONS IN FAVOR OF USE OF FLOATING NATO RATES IN FIXING MILITARY TARIFFS. SINCE ONLY UK AND FRANCE HAD FAILED TO APPROVE PROPOSALS DURING JANUARY MEETING, MISSION EXPECTS SOME MOVEMENT IN FEBRUARY MEETING. MISSION WILL CONTINUE ITS SUPPORT OF INCREASE IN THE COST OF THE CEPS UNIT FROM CONFIDENTIAL

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0.92 TO 1.10 FFR AND OPPOSE INCREASE OF NUMBER OF CEPS UNITS CHARGED FOR STORAGE.

2. BECAUSE US HAS REFUSED TO APPROVE ADJUSTMENT OF TRAPIL

OVERHEAD PAYMENTS FOR 1969-72 UNTIL BOARD OF AUDITORS' REPORTS HAD BEEN CONSIDERED BY CEPPC, INTERNATIONAL STAFF HAS INCLUDED THOSE REPORTS ON THE AGENDA. REVIEW OF AC/120-D/821, 822, AND 856 INDICATES RECURRING BOARD OF AUDITORS' CRITICISM OF TARIFF POLICIES, ACCOUNTING PRACTICES, AND PAYMENTS TO TRAPIL IN FRANCE. MOST SERIOUS ALLEGATIONS ARE, HOWEVER, ALSO COVERED IN THE SPECIAL REPORT OF THE BOARD OF AUDITORS (POXUEXUEL AND THE INTERIM REPORT THEREON BY THE GROUP OF RAPORTEURS (AC/120-N/257). THESE SUBJECTS WERE LAST DISCUSSED IN CEPPC MEETING OF JULY 1974 WHEN MISSION TOOK POSITION OUTLINED REF A AND APPROVED REF B. SUBJECT HAD BEEN AVOIDED SINCE THAT TIME BECAUSE ALLIED MEMBERS OF CEPPC CONSIDERED IT TO BE PART OF THE MORE PRESSING DISCUSSIONS ON COST SHARING OF THE DEFICIT. MISSION INTENDS TO PURSUE POSITION TAKEN IN JULY MEETING AND TO STATE EMPHATICALLY THAT THE 1974 SOLUTION TO THE COST SHARING PROBLEM DID NOT RESOLVE THE QUESTION OF EXTRA PAYMENTS TO TRAPIL OR OF FRENCH TAXATION OF THE SYSTEM. AS INSTRUCTED REF B, WE INTEND TO PUSH FOR AGREEMENT ON A FIXED PERCENTAGE FORMULA FOR TRAPIL PROFIT PAYMENTS IN THE FUTURE PRIOR TO ADDRESSING THE PROBLEM OF FRENCH REIMBURSEMENT FOR THE EXCESS PROFIT PAYMENTS MADE IN THE PAST.

3. REQUEST CONFIRMATION OF CURRENT INSTRUCTIONS CONTAINED REF B IN TIME FOR USE AT CEPPC MEETING ON 20 FEB.

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